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14 APRIL 1972

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(SOUTH VIETNAM: Heavy allied air strikes appear to have stalled the Communist push at An Loc, but the situation is still critical.

Government troops are holding the southern part of the town; the Communists appear to control most of the northern part. Enemy infantry is supported by large concentrations of artillery and armor, apparently including T-54 tanks--North Vietnam's heaviest armored vehicle.

Reinforcements from the South Vietnamese 21st Infantry Division are being brought into An Loc by helicopter. A relief force that includes other elements of the 21st is still stalled on Route 13, some ten miles south of the town.

In the delta province of Kien Tuong, the North Vietnamese 88th Regiment is increasing the pressure on South Vietnamese outposts. [REDACTED]

[REDACTED] four such outposts have been abandoned, four more are under siege, and many other Viet Cong units in the delta are under orders to go on the offensive. Elements of the 88th, augmented by a Viet Cong unit, have moved to within 12 miles of the provincial capital.

Military Region 1 remains relatively quiet.
(SECRET NO FOREIGN DISSEM)

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NORTH VIETNAM - USSR - CHINA: The North Vietnamese have called on allies and friends abroad for more help in their fight against "US imperialism," but responses from Moscow and Peking may have disappointed Hanoi.

Hanoi issued the appeal on 11 April as a government communiqué addressed to the "governments and peoples of the fraternal socialist countries," and to North Vietnamese supporters around the world. In it, Hanoi urges its backers to "take timely actions to check the US aggressors" and "to extend even stronger assistance" to the struggle in all three parts of Indochina.

The communiqué is the first indication that Hanoi may be dissatisfied with the way its allies have handled the offensive in their propaganda. None of the statements issued by the Soviets and the Chinese since the offensive began has matched the fervor of their propaganda during Operation Lam Son 719 last year or the Cambodian crisis in 1970. Given the current circumstances, Hanoi probably is particularly sensitive to the nuances of its allies' output, and it may well have decided that special prompting was needed to secure more energetic public backing. To drive its point home, Hanoi sent diplomatic representatives to Brezhnev and Chou En-lai with copies of the communiqué.

The initial responses of both Brezhnev and Chou were measured and not particularly forthcoming. Chou pledged "all-out support and assistance" to Hanoi, but this formulation commits Peking to no particular course of action. He also said the Chinese were "closely following" the situation and "expressed conviction" that the Indochinese people would win. He avoided commenting specifically on the offensive, however, and all but ignored the increase of US air strikes in North Vietnam.

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The Soviets failed to endorse the communiqué, but Brezhnev, in a meeting described as having an atmosphere of "fraternal friendship and solidarity," did go beyond earlier Soviet press statements on the bombing by demanding an "immediate end to it." He also made the first promise of continuing Soviet "assistance and support" to Hanoi since the offensive began. The general tone of his statement was not unusually strong, however. Moscow's press replay of the Hanoi communiqué deleted the North Vietnamese request for more aid. (CONFIDENTIAL)

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PAKISTAN: The National Assembly, elected in December 1970 but never convened, is meeting today, tomorrow, and Monday.

The assembly agenda includes a vote of confidence in the government, approval of continuation of martial law to 14 August, passage of an interim constitution, and appointment of a committee to draft a permanent constitution. President Bhutto's Pakistan People's Party (PPP) would seem to have the votes to determine the outcome on all four items. The PPP, together with its allies, apparently controls over 100 of the 146 seats in the assembly.

Bhutto has shown his draft interim constitution to opposition party leaders, but it has not been made public, and there is considerable confusion as to its provisions. From public statements by PPP and opposition leaders, it would appear that the draft provides for Bhutto to remain in power as president at least until August 1973, by which time the National Assembly must adopt a permanent constitution.

On the crucial question of provincial autonomy, the draft apparently provides for the president to appoint governors to the four provinces. PPP spokesmen have stated that the National Assembly could amend the interim constitution to create the posts of prime minister at the center and chief ministers in the provinces. They also noted that both national and provincial governments would be responsible to the appropriate parliamentary bodies. The central government will be responsible for defense, foreign affairs, communications, and currency. Other powers presumably will be reserved for the provinces. The attitude of the opposition toward Bhutto's interim constitution will depend in large part on how real power is divided between the governors and the provincial assemblies.

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Bhutto has tried to blunt opposition criticism of the continuation of martial law by publicly reaffirming that it will be lifted by 14 August at the latest. On that date, the National Assembly will reconvene both as a legislative assembly and as a constituent assembly, in the latter role to act on the draft permanent constitution. (CONFIDENTIAL)

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ARGENTINA: President Lanusse is seeking to turn public reaction against recent political murders into support for his programs.

Initially fearful of an overreaction by the military to the assassination of General Sanchez on 10 April, Lanusse moved quickly to control the situation. After a brief trip to Rosario to check on security, the President met with his top military and civilian advisers to outline immediate counterterrorist measures. Lanusse also called in political, labor, and business representatives and asked for their support as he renewed his commitment to elections in 1973.

President Lanusse was gratified by the denunciation of violence and the strong endorsement given his electoral plan by Peronist labor representatives. Similar statements against the outbreak of political violence and in support of elections have been forthcoming from nearly all important political and economic sectors. Even the sensationalist press has moderated its coverage of the murders and their aftermath.

If Lanusse is able to use the recent violence to rally the public, and if he can combine this with a show of progress in dealing with the economy, he could actually strengthen his position. On the other hand, if the economy continues to show no sign of revitalization, which seems more likely, political violence in various forms will continue. In this event, it is only a matter of time before the support of the military--all important to Lanusse--will begin to crumble. (SECRET NO FOREIGN DISSEM)

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CHAD-LIBYA: An agreement to restore diplomatic relations may result in at least temporary curbs on Libyan support for Muslim insurgents in Chad.

Representatives of Chad and Libya signed a communiqué on Wednesday absolving Libya of any involvement in an alleged coup plot against Chadian President Tombalbaye. Alleged Libyan involvement had precipitated the break in relations last August. The Chadians also joined in a declaration of support for "the just armed struggle of the Palestinian people to liberate their territory occupied by Israel" and in a condemnation of "all forms of imperialist and colonialist influence."

After the rupture with Chad, the Qadhafi regime openly recognized the principal Chadian rebel group. Recently there has been a sharp increase in arms supplied to the rebels from Libya through the Sudan. Also, considerably more trained rebel cadres have been showing up in Chad.

Presumably in return for some private assurances from the Libyans, Tombalbaye has made some difficult verbal concessions that may appease Qadhafi for the time being. Over the long run, however, his attitude toward Tombalbaye, and Libyan support for the Chadian insurgents, will be determined largely by Qadhafi's basic sympathy for the Chadian Muslims. (SECRET NO FOREIGN DISSEM)

MOROCCO: After nearly six weeks of maneuvering, the King has finally announced a new transitional government, whose principal task will be to oversee elections.

More than half the 19 ministers and four secretaries of state are holdovers from the previous government, including Prime Minister Karim-Lamrani, Foreign Minister Filali, and the country's leading military men, Mohamed Oufkir as minister of national defense and de facto chief of staff and Driss ben Aomar as minister of communications. Neither the opposition National Front coalition nor the royalist Popular Movement are participating. Both had wanted to dominate the government.

The most important new appointment is that of Dr. Mohamed Benhima to interior. This ministry will be responsible for the conduct of the elections, probably this summer and fall, to local offices, to the leadership of professional organizations, and to parliament. Benhima has long been close to both the King and General Oufkir. A tough and clever tactician and an outstanding administrator, Benhima has often been entrusted with projects requiring a firm hand. (CONFIDENTIAL)

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PAKISTAN: A record cotton crop is giving a strong boost to export earnings.

The recent cotton harvest is estimated at four million bales, compared with about three million bales in each of the last four years. The increase apparently results from an unusually favorable monsoon, and, to a lesser extent, increased fertilizer and other inputs. Pakistan ranks fifth in world cotton production.

Raw cotton exports from December 1971 through February 1972 were about double those of the corresponding period a year earlier, when some cotton still was being shipped to East Pakistan. Prospects are favorable for marketing the entire crop; Pakistani cotton is prized for its quality on world markets. Moreover, Islamabad has recently lowered export prices to improve its competitive position.
(CONFIDENTIAL)

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ST. VINCENT: Tension in St. Vincent continues to grow following the elections last week, which resulted in a parliamentary deadlock. There have been no serious incidents so far, but a British frigate has been sent to the small Caribbean island as a precautionary measure.

St. Vincent is a British Associated State with full internal autonomy. In the House of Assembly elections on 7 April, Prime Minister Milton Cato's St. Vincent Labor Party (LP) and the opposition People's Political Party (PPP) each won six seats. The deciding 13th seat was won by James Mitchell, who ran as an independent. Mitchell resigned as minister of agriculture and trade in February and was subsequently expelled from the LP. He has apparently not yet decided whether he will join forces with either party.

Although Mitchell's delaying tactics are probably designed to gain the premiership for himself, the British governor has attempted to force a decision by announcing that he has asked Cato to remain temporarily in office as prime minister. Mitchell then said that he and opposition leader Ebenezer Joshua are to meet with the governor and advise him that Cato does not have the majority necessary to govern.

Unless the governor alters his decision, the Cato government will meet almost certain defeat when the House convenes. This would then require new elections. (CONFIDENTIAL NO FOREIGN DISSEM)

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NOTES

(LAOS: The North Vietnamese continue to harass the government positions on Skyline Ridge overlooking Long Tieng with artillery and mortar fire, but have caused little damage. The irregulars now hold six of the nine positions on the ridge, but government attempts to recapture the remaining strongpoints have been curtailed by poor weather. Some heavy rains have already been reported in the area and the road that runs from the Plaine des Jarres to Sam Thong has already begun to deteriorate. Sections of this road follow dry stream beds and are particularly vulnerable to the weather. (SECRET NO FOREIGN DISSEM))

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CHILE: The huge turnout for a peaceful opposition march on 12 April exceeded the expectations of even the four sponsoring political parties. The "democracy march" was called to protest government encroachment on individual and economic liberties. It probably drew mostly middle- and upper-class Chileans, who strongly applauded former president Eduardo Frei's surprise appearance. President Allende's supporters may be hard put to come out in equal numbers, as he has promised they will do next week. The success of the demonstration should reinforce opposition efforts to take advantage of rising dissatisfaction with the Popular Unity government. (CONFIDENTIAL)

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NATO: West German officials are increasingly concerned about US congressional attempts to force discontinuation of an important US-NATO troop airlift exercise. West German Foreign Office and Defense Ministry officials in approaches in Bonn and Washington have noted that if the US has to renege on its commitment to undertake the Reforger/Crested Cap exercises again this fall, current efforts to induce Alliance members to make force improvements will be undercut. The exercise has symbolized the commitment--made when the US reduced its European forces in 1967--to keep US forces ready for speedy return to Europe. Cancellation or limitation of the exercise would be viewed widely in Europe as another sign of a weakening US commitment to the Alliance. (CONFIDENTIAL NO FOREIGN DISSEM)

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ISRAEL: Foreign exchange reserves rose from less than \$740 million at the close of last year to over \$1 billion by the end of March. The increase was accelerated by seasonal and special factors, including the refund of \$75 million paid to France for Mirage aircraft. Nevertheless, it is clear that the trend established in 1971, when reserves jumped over 60 percent as a result of increased tourism, higher exports, loans, and transfers, has continued. Reserves now are equivalent to more than four months of imports of goods and services. The continuing growth of reserves indicates an easing of Israel's once critical balance-of-payments problems. (CONFIDENTIAL)

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ICELAND: The decision to accept US funds for the construction of a new runway at Keflavik has opened a rift in the governing coalition. The split developed last week when two Communist ministers who opposed use of the funds were voted down in the seven-man cabinet and later charged the rest of the cabinet with being "US lackeys." Quick to sense an opportunity to bring down the uneasy coalition, the opposition press tartly observed that disagreement over major policy questions normally results in the dissolution of a cabinet; it called on the two dissenting ministers to resign. Neither they nor the other five ministers have done so. The Labor Alliance, instead, is claiming that its past opposition to US domination at Keflavik and to Icelandic membership in NATO requires no defense. Since the opposition has no other issue, the coalition partners evidently have decided to weather the press criticism in the interest of staying in power. (CONFIDENTIAL NO FOREIGN DISSEM)

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INDIA: India has taken a first step toward nationalizing the country's only producing copper mine and smelter, which supplies about ten percent of the country's copper requirements. Although ostensibly to move the country's copper development program forward, the move is more likely an effort to monopolize output critical to industrial production. The small private company has progressive management and an excellent profit record in contrast to the excessively costly government program which, although started in 1956, has not yet produced any copper. (CONFIDENTIAL)

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NATIONAL INTELLIGENCE ESTIMATE

The United States Intelligence Board on 13 April 1972 approved the following national intelligence estimate:

NIE 97-72 "Prospects for the Peruvian Revolution" (SECRET)

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